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Authors and Articles

E. T. EGGERS

"Employment of the Physically Handicapped—A Survey of Industrial Plants in Atlanta, Georgia"

In a study of fifteen Atlanta firms, Dr. Eggers found a total of 1,287 handicapped people employed, or 7.5 per cent of the total number of employees in the firms. The study was made principally to (1) determine specific objections which managers have to hiring the physically impaired; (2) find which types of handicapped applicants are rejected by the various industries; and (3) ascertain company policies and the attitudes of those concerned with employment of the handicapped. His article presents the major findings of his study.

Dr. Eggers is professor of management, School of Business Administration, Georgia State College of Business Administration.

FREDERICK R. KAPPEL

"The Management Forum: The Pursuit of Excellence"

Mr. Kappel, president of the American Telephone and Telegraph Company, in emphasizing the need for "excellence" in all walks of life, offers to managers the challenge of de-

veloping "the best possible" in the individual as well as in all physical and operating aspects of the firm. He designates a "growth environment" as essential—an environment embracing challenge, freedom, responsibility, creativity, and judgment, and, most important, one in which managers are exposed to a "broader world" than any one business can provide.

FRED W. KOHLMAYER

"IV. Individual Company Histories"

In part IV of the Company History series, Dr. Kohlmeier points out that the logical place to begin the study of business history is the business firm itself. *Individual* company histories are not only of value to the specific company in all phases of planning and operation, but they supply the basic material for the *industry* histories and are a reservoir of information for broader fields of study—in areas such as management decentralization, managerial decision-making, growth-induced operational problems, and business philosophy.

Dr. Kohlmeier, of the College of Commerce and Business Administration, University of Illinois, is experienced in the writing as well as the teaching of business history.

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EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

A Survey of Industrial Plants in Atlanta, Georgia

Human disability is a national problem of substantial proportions and many dimensions, resulting in high social and economic loss in every community. The financial burden is appalling because if certain people cannot produce, others must produce for them and their dependents. Estimates of the number of handicapped citizens run as high as 28,000,000 and include all degrees of disability and all age groups. Of this disabled group, approximately 7,000,000 would be classified as being handicapped to the extent that they would encounter difficulty in finding gainful employment.¹

Since ancient times, the physically handicapped person has suffered from society's attitude as well as from his physical impairment. It has been difficult for him to assume a normal role in the social structure, and he has frequently suffered from ostracism or has been the recipient of grudging charity. This aversion to the handicapped person persists. However, the most difficult problem of the physically impaired person is most likely to be presented when he begins to seek employment; nowhere has he been at a greater disadvantage than in this connection.

A major purpose of the study reported in this article was to uncover specific objections which some managers of American industrial firms have to hiring the physically impaired. Heavy manufacturing, chemical,

and food processing are some of the types of industries which so often object to employing the physically handicapped.

A second objective of the study was to attempt to determine what types of physically handicapped job applicants are accepted and what types are rejected among the various industries represented in the survey. Finally, company policies and attitudes of managers, supervisors, organized labor, and rank-and-file workers were investigated because of the effect of their attitudes on the entire question.

Identification of the Physically Handicapped

For the purpose of this study a physically handicapped person is defined in accordance with the definition provided by the Vocational Rehabilitation Act of 1954. This concept refers to an individual with a physical disability severe enough to constitute a serious problem in securing employment; it must be somewhat of a static nature and be such that it would be reasonably expected that vocational rehabilitation would render the person fit for remunerative employment.

Nine specific types of physical impairment, defined so as to exclude doubtful, minor, or borderline cases, were covered in the survey. The nine impairment types are these: cardiac, diabetic, epileptic, ex-tuberculous, hearing, hernia, orthopedic, gastric ulcer, and vision. A tenth category represents a combination of any two or more of these nine types of disability, each in itself severe enough to fall within the definitions.

The Company Case Studies

This study was made of fifteen firms in metropolitan Atlanta, which then consisted of four counties with a

Note: This article is an abridgment of the author's full article of the same title which appeared in the September 1960 issue of *Industrial Medicine and Surgery*, the International Journal of Medicine in Industry.

¹Cooperation . . . the Key to Jobs for the Handicapped (Washington: AFL-CIO, Pub. No. 42, 1957), p. 10.

total nonagricultural employment figure of 347,275 when the survey was conducted. There were 86,200 employed in manufacturing, and the firms included in the survey represent about 20 per cent of this total. Chosen for the study was one large firm, in terms of employment, in each category of manufacturing enterprises as classified by the State Department of Labor. The companies investigated,² the main types of products manufactured, and the number of employees are shown in Table I.

In the largest company studied (4,760 employees), 841 are handicapped; in the smallest (125 employees), only one is physically impaired. Thus, each company may be looked upon as a separate case study.

Table I
Companies Included in the Survey Indicating
Main Products Manufactured and Number
of Employees

Company	Main Type of Products	Number of Employees
A Bakery	Bakery products	1,000
B Clothing	Apparel	1,540
C Automobile	Automobiles	4,760
D Steel	Steel products	1,634
E Shoe	Men's, women's, and children's shoes	218
F Meat Packing	Meat and meat products	710
G Publishers	Publications	1,500
H Foods	Food products	650
I Containers	Containers	1,490
J Textiles	Bags and other textile products	1,700
K Metals	Fabricated metal products	375
L Wood products	Ties and other wood products	170
M Machinery	Electrical equipment	494
N Fertilizer	Commercial fertilizers	125
O Furniture	Bedding and other furniture	782
Total		17,148

Physically Handicapped Employees on Company Pay Rolls

Most of the spokesmen for the 15 industrial firms investigated appeared to feel that it is the responsibility of the company to care for its regular employees who become physically impaired, even though this may mean putting the handicapped worker in less exacting or less desirable position. Eight of the companies maintain that all employees who become physically handicapped are retained on the payrolls except in cases of blindness or other impairment which is considered to be of a total disability nature. In such instances the employees are retired with a pension.

Information on the number of physically handicapped employees on the payrolls among the industrial firms, classified by companies, types of handicaps involved, and whether the handicaps occurred before or after employment is found in Table II. There were 1,287 handicapped people working for the surveyed

²Twelve of the 15 firms are parts of multi-installation companies. It may be assumed, without substantiation in this study, that other installations of a given company may follow similar practices in employing the handicapped.

firms at the time of investigation, representing about 7.5 per cent of the total number of employees in the survey group. Of the physically handicapped workers, 299 or about 23.2 per cent were handicapped before being hired by the organizations; a little over three fourths of the physically impaired workers became handicapped after being employed by the investigated firms. (See Table III.)

Table II
Handicapped Employees on Pay Rolls of Companies Investigated
Classified by Companies, Types of Handicaps, and
When Handicaps Occurred

Company and when Handicaps Occurred	Type of Handicap											Total
	Cardiac	Diabetic	Epileptic	Ex-Tuberculous	Gastric Ulcer	Hearing	Hernia	Multiple	Orthopedic	Vision		
A Bakery												
Before*	2	3		1		1			2	2		11
After*	6	2		8	15	2	2		18	8		61
B Clothing												
Before			1						1	2		4
After	3	1		1	1	8	1	1	5			21
C Automobile												
Before	58	20		9	45	36	2	5	17	23		215
After	180	30		11	180	54	10	91	22	48		626
D Steel												
Before									5			5
After	9	3		1	10				7	5		35
E Shoe												
Before									1			9
After			3			5						
F Meat Packing												
Before										1		1
After	5	4	1	6	12		1	1	1	2		33
G Publishers												
Before						10			2			12
After	8			5	10				4	1		28
H Foods												
Before						1	1					2
After	2	2			5	2	3		1	1		16
I Containers												
Before										1		1
After	12		1		50	4			6			73
J Textile												
Before												
After	3	1				1			1	4		10
K Metals												
Before			1			2			2			5
After					4							4
L Wood Products												
Before						2			3			5
After	3	1					3		1	7		15
M Machinery												
Before				2	2	3	4		15	2		28
After	10	4			5		14		6	1		40
N Fertilizer												
Before									1			1
After												
O Furniture												
Before									1			1
After	11	3	1	2	1	4			3			25
Total	312	74	8	46	340	135	41	98	125	108		1,287

* Before and after employed.

Company Employment Policies

Of the fifteen companies, only one had a written policy covering the employment of physically handicapped people. That company had a written policy which forbade the hiring of anyone who is blind or blind in one eye, the only type of handicap mentioned in the policy. The parent organization of the automobile plant had a written policy pertaining to this matter, but the division investigated in this study did not

Table III
Handicapped Persons Employed by Companies in Survey Group
Classified by Type of Handicap and Whether Handicapped
Before or After Being Hired

Type of Handicap	Number Handicapped Before Employed	Number Handicapped After Employed	Total
Cardiac	60	212	312
Diabetic	23	31	74
Epileptic	3	3	8
Ex-Tubercular	12	34	46
Gastric Ulcer	47	293	340
Hearing	60	73	133
Hernia	7	34	41
Multiple	3	93	98
Orthopedic	49	76	125
Vision	31	77	108
Total	299	988	1,287

follow it. Only one company appeared to have a definitely established unwritten policy about hiring the physically impaired. This policy, recently formulated by members of top management, was of a very general nature and did not mention types of handicaps or jobs for which the handicapped applicant could be hired.

In four companies, executives expressed what they believed to be fairly definite policies which their organizations attempted to follow. Three of these concerns favor hiring the physically handicapped when it is feasible. The personnel manager at one of the larger companies made the following comment: "If, in the opinion of the interviewer, a job applicant is suitable and able to do the job, he is considered suitable for employment in spite of his handicap. Personal characteristics are more important than physical attributes." However, the plant manager at the meat packing company expressed a negative approach in this respect. His comment was, "We don't hire them."

Members of management in the remaining nine investigated companies either stated that they had no definite written or unwritten policies covering the practice of hiring the physically disabled, or they expressed, sometimes in a rather vague manner, what they believed to be the usual company practice. Most of them advised that their practice of hiring the handicapped was based on economic considerations. They appeared to have a rather subjective approach toward the analyses of the nature of handicaps and the nature of jobs. That is, their opinions as to what types of handicapped persons could perform certain types of jobs did not appear to have been arrived at in a very objective manner.

Attitudes and Morale Aspects

The right attitude on the part of company management is highly essential to the successful employment of handicapped people; however, it is even more essential that such attitudes be accepted by immediate supervisors and able-bodied operative employees.

Although high-ranking managers in most of the

surveyed companies expressed favorable attitudes toward the employment of people with physical limitations, it was frequently apparent that such attitudes had not trickled down into actual operating procedures where they could become effective. In a number of cases policies and opinions expressed among top levels of management conflicted with practices carried out on lower levels in the organizations.

Attitude of first-level supervisors: According to personnel directors and other high-ranking managers in the companies investigated, supervisors in six of the concerns do not favor having physically handicapped employees placed in their departments. The general feeling was that they would rather not have them. In two of these six companies, definite departmental work standards are set, and the assumption was that handicapped workers might interfere with meeting these standards. However, in five other companies, supervisors had shown a favorable attitude toward the practice of placing handicapped employees in their departments, or at least they never indicated any resentment in this connection.

Attitudes of organized labor groups: Eleven of the 15 firms were unionized. Of that group the wood products company was the only one in which members of top management felt that the attitude of the union toward the employment of physically handicapped workers was favorable.

Effects on morale of able-bodied employees: Only one company in the survey group believed that the practice of hiring physically handicapped employees had an adverse effect on the morale of able-bodied employees; this belief was attributed to the fact that the union in the plant was very strong and would object to such action.

High level executives in eight companies thought that the employment of physically handicapped workers had a favorable effect on the morale of the rank-and-file employees; for example, the plant manager at the bakery products company stated: "Hiring the handicapped gives the able-bodied workers an actual feeling that they belong to the company and helps to show that they would not be dismissed if they became handicapped. It aids their feeling of security."

Using able-bodied workers to help newly-hired handicapped employees: As part of the orientation program for new employees at two of the companies, a regular employee is assigned as a sort of sponsor to help the new worker become adjusted to his work surroundings; however, these were the only two firms in the study group which follow a regular practice of using able-bodied workers to help orient the newly-hired handicapped employees to their jobs. There were no known cases of managers seeking cooperation on the part of able-bodied workers in helping to orient the handicapped among the remaining twelve companies.

Rejection of Physically Handicapped Job Applicants

The types of handicapped applicants who are refused employment by the firms investigated are shown in Table IV. All companies in the survey group stated that they would not hire job applicants who were cardiacs, epileptics, or blind. Only one company would hire a hernia case, and in this instance it would be only for a few restricted jobs. Policies and practices concerning the hiring of other types of physically handicapped employees varied greatly among the companies.

Table IV
Companies Refusing to Hire Physically Handicapped Job Applicants Classified by Type of Handicap

Type of Handicap	Companies Refusing to Hire
Cardiac	All companies in the survey group.
Diabetic	A Bakery, C Automobile, F Meat Packing, G Publishers, H Foods, J Textiles, K Metals, M Machinery, N Fertilizer.
Epileptic	All companies in the survey group.
Ex-Tubercular	C Automobile, ¹ F Meat Packing, J Textiles, K Metals, M Machinery, ¹ O Furniture.
Gastric Ulcer	All companies except B Clothing, I Containers, J Textiles, and L Wood Products. ²
Hearing	D Steel, F Meat Packing, G Publishers, H Foods, I Containers, J Textiles, L Wood Products, N Fertilizer, and O Furniture. ³
Hernia	All companies except H Foods which may hire for a few restricted jobs.
Multiple	All companies except B Clothing, C Automobile, E Shoe, H Foods, and I Containers. ⁴
Orthopedic	B Clothing, D Steel, F Meat Packing, H Foods, J Textiles, N Fertilizer, and O Furniture. ⁵
Vision	All companies in the survey group. ⁶

1. Except for a few restricted jobs.

2. F Meat Packing will hire for nonproduction jobs only; K Metals and M Machinery will not hire if condition is considered serious.

3. D Steel will hire for nonproduction jobs only; H Foods, I Containers, and J Textiles usually refuse to hire; L Wood Products and O Furniture refuse to hire the deaf.

4. D Furniture would hire a multiple case only if it consisted of diabetes and hard of hearing.

5. H Foods and J Textiles would hire orthopedics except those with back injuries or spinal deformities.

6. E Shoe and J Textiles would hire vision cases except those who are totally blind; C Automobile and L Wood Products would hire those except the blind or legally blind.

Reasons why the handicapped are refused employment: Each employer in the survey was asked the question "Would your decision not to employ a physically handicapped person be based on one or more of the following reasons?" The reasons and the number of companies which checked each one are shown below:

1. Fear that workmen's compensation rates will go up if handicapped people are employed—three companies.
2. A belief that liability insurance rates would be affected—three companies.
3. Handicapped workers are not flexible enough in cases of necessary transfers—12 companies.
4. Entry physical examinations are too high and rigid for the acceptance of handicapped employees—eight companies.
5. Hiring physically handicapped workers would conflict with collective bargaining agreements—six companies.
6. Conflict with present employee benefit plans—one company.
7. Belief that production schedules might be impaired—nine companies.
8. Belief that employee absenteeism might be increased—four companies.
9. Your first loyalty is to your own employees. Easier jobs

should be reserved for your own aging or handicapped workers—eight companies.

10. Handicapped workers tend to be more accident prone than able-bodied employees—five companies.

11. There is extra cost involved in training or retraining the physically handicapped—four companies.

12. There is extra cost and difficulty in adapting machinery, workplaces, and plant layout to the needs of handicapped employees—seven companies.

13. Handicapped workers simply do not produce as well as able-bodied employees—one company.

14. Resistance by fellow employees—three companies.

15. Resistance by the public—one company.

Comment

Policies having to do with the hiring and placing of physically handicapped workers were characterized by their general vagueness in the firms surveyed. In a number of instances, however, it had been a long-standing practice to exclude certain types of physical impairment. When specific handicaps were disclosed in the course of pre-employment examinations, the job applicant was automatically rejected. Such exclusion is not selective in the sense that certain types of handicapped applicants are rejected only for certain kinds of jobs. It is of a general nature; the individual with certain specified impairments will not be accepted for any position in the plant.

Furthermore, too much dependence cannot be placed on mere statements of company policy. Company policies as expressed by high-ranking members of management and practices carried out by employment managers in the surveyed companies did not coincide. If company executives wish their policies to be effective, such policies must be translated into more definite plans of action; and these plans must be made known to all concerned. Decisions concerning job applicants were usually left up to the employment manager, who was free to use his own judgment in each case. Adequate communications throughout the organizations appear to be an essential phase of the entire problem; and conscious effort should be made to secure the active and willing cooperation of supervisors and other employees in placing and utilizing handicapped workers.

Policies and procedures concerning regular employees who suffered a handicap were more definite than in the case of handicapped job applicants. There appeared to be a sort of unconscious distinction between the person who became disabled after entering the service of the company and the handicapped person seeking employment. A sense of responsibility is an important factor here; furthermore, the regular employee has already demonstrated his value to the company.

The positive attitudes of members of management toward the employment of physically handicapped people are not enough to assure those people gainful employment. Such attitudes, like company policies, must be given a realistic meaning. Most members of top management in the surveyed companies expressed a some-

what sentimental view regarding the subject of hiring the handicapped—civic duty, sense of obligation, humanitarian aspect. Such sentiments may be commendable, but competitive businesses cannot and should not employ the handicapped simply out of charity. It is to the point to note that these subjective attitudes were not always accompanied by objective analysis involving economic justification for hiring the impaired.

Union attitudes toward the employment of physically handicapped workers in the investigated companies are probably not well known by members of top management. In only one of the eleven unionized companies did management feel that the union looked with favor upon the practice of hiring such people. In the other ten concerns, the union's attitude was thought to be indifferent or negative. This belief of members of management may or may not be correct. However, employment is a function of management; and whatever the members of management think regarding the union's attitudes may have an important bearing on hiring and placing the physically handicapped. Perhaps union contracts should contain specific provisions regarding the status of handicapped employees. Such provisions are especially important with regard to seniority rights and long-service employees who become impaired and can no longer perform jobs within their work unit.

Objections to Hiring the Handicapped

Subjective, rather than objective, reasoning was apparently applied in most instances in rejecting physically impaired job applicants. Seven of the 15 investigated companies said they may not hire handicapped workers because of extra cost and difficulty in adapting machinery, workplaces, and plant layout to the needs of such workers. However, none of these companies had ever made any plant structural changes for such a purpose, and three of them had never made any job or workplace modifications to suit handicapped workers. In one case, a personnel manager said that he would not hire a handicapped person if he felt it would not be "good for the person to work." A plant manager said that his company demanded able-bodied people, and "the handicapped are not able-bodied."

However, the most important reason given for not hiring the disabled was that they are not flexible enough to transfer to other jobs within the organization. Twelve of the 15 firms cited this reason. This objection was further emphasized by the fact that nine companies feared that hiring the handicapped may impair production schedules. Perhaps the answer to these two objections lies partially in proper placement facilitated by a thorough system of job analysis and physical capacities analysis. Furthermore, as a reason for rejecting the handicapped, six of the 11 unionized companies stated that hiring handicapped workers would conflict

with collective bargaining agreements. This objection appeared to hinge largely around the question of the seniority rights of union members. Thus, the belief that handicapped employees present problems because of lack of job transferability is further indicated. Some employers felt that it might be necessary to transfer physically impaired workers to jobs to which the able-bodied employees were entitled.

Another interesting type of objection to the employment of the handicapped had to do with accident proneness.³ Even though there had not been a single second injury among the physically handicapped employees in the 15 companies during the year prior to this investigation, five companies objected to hiring such individuals because of the belief that they tend to be more accident prone than do able-bodied workers.

Summary

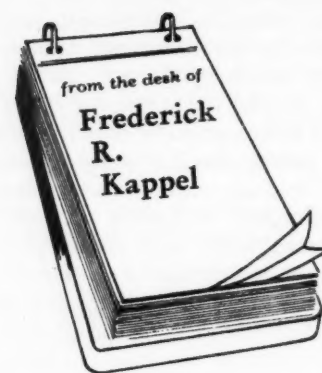
One conclusion reached as a result of this study is that placement on the job, job transfers, training, and follow-up for physically handicapped employees do not present problems that differ too greatly from those involving the nonhandicapped. For example, members of management in four of the companies said they believed there is extra cost involved in training and retraining the handicapped; however, all companies followed the same method of training for both the handicapped and able-bodied workers.

It is not the intent of this study to pass judgment on the employment practices as they affect the physically handicapped workers in the companies investigated. At any rate, truly successful procedures in using the physically impaired are not merely techniques of interviewing, training, job studies, and the like. Such processes are simply aids, and the efficiency and compassion with which they are used are of more importance. Of what value are such procedures to the handicapped job applicant if he is automatically rejected because of his impairment?

The employment of physically handicapped individuals has long been a serious and difficult problem. Periods of labor shortages, such as the World War II period, have helped direct attention to the economic and social aspects involved and have been instrumental in encouraging research and education dealing with the subject. However, the economic problem is likely to achieve greater significance in the future. This added importance will come about because of the change in the make-up of the population. Even the conservative estimates place our population at 200 million before 1970; however, only about one third of this growth will represent persons from ages 20 to 65—the productive, working years. Thus, the economic benefits to be derived from remunerative employment of our physically impaired citizens are obvious. Once again, an oft-repeated statement comes to mind—it is ability, not disability, that counts. Gainful and productive employment for the physically handicapped person is an admirable goal—socially, morally, and economically.

³There is considerable additional evidence that this objection is not valid. See: Henry H. Kessler, *Rehabilitation of the Physically Handicapped* (New York: Columbia University Press, 1953), p. 21; Clark D. Bridges, *Job Placement of the Physically Handicapped* (New York: McGraw-Hill Book Company, Inc., 1946), p. 10; and George H. Moloney, in *Employer Roundtable* (Washington: President's Committee on Employment of the Physically Handicapped, 1955), p. 12.

THE MANAGEMENT FORUM



THE PURSUIT OF EXCELLENCE

Here in American we have set high standards—new standards, really—in affording equal opportunity to millions of men and women. We have cared deeply about individual freedom, and one result is that free minds and free energies have brought about a degree of material progress so far unparalleled. We can be very proud of the progress we have made in reducing want and in opening the way toward a better life for all.

Yet, it seems that in doing this we have also created a society in which it is relatively easy for individuals to become more concerned with what they have coming to them than with what they can and should contribute; a society in which personal goals may tend to be established somewhere in the middle range of one's capacities, rather than at the top; and a society in which, due to our preoccupation with satisfying the wants and rights of all and with providing for the security of all, we may fall short of setting conditions that will challenge, demand, and call forth "the best possible" in an individual—the utmost talent and effort of which he is capable.

The future depends on whether our people will strive to excel and, in particular, whether the most gifted will develop their talents to the utmost, with the

respect and encouragement of their fellows. But of what does "the best possible" consist, and what are the means to achieve it? This is the kind of question that everyone—whatever his line of endeavor—has to ask and try to answer as specifically as he can. In the telephone business, for instance, we see several specifics. One is that your telephone should be reliable. You should be able to depend on it—count on it—trust it—whenever you need it. Your service should be universal, so that you can reach anyone, anywhere, and anyone can reach you. Another is that your use of the telephone should be as convenient for you as possible. This means several things. For example, calls should go through without delay. You should be able to talk and hear easily. When you order service, you should get it promptly. If an operator handles your call, you want her to be pleasant as well as efficient, and so do we. A further element is that your service should always be up to date, always ready to take care of your changing needs. For instance, as the needs of your business change, we should be ready with telephone service to match. In fact, we should try to keep ahead of you, so that our progress will contribute to yours by enabling you to accomplish things that you could not accomplish before.

There are other elements or factors which would also be part of the best possible service, but those mentioned are illustrative. The point is that they all depend on how well we succeed in achieving a high degree of excellence in several fundamental respects.

NOTE: The Management Forum series is arranged by Dr. James E. Chapman, professor of management and chairman of the Department of Management, School of Business Administration of Georgia State College of Business Administration.

Physical Equipment

One such fundamental in pursuit of the "best" in our company is excellence of physical apparatus and equipment. Reliability depends on this. Easy talking and easy hearing depend on it. Accuracy in reaching anyone you want to reach depends on it. Progress in speeding up the service and increasing its convenience depends on it.

An example of this is the improved, faster long distance service known as DDD, or Direct Distance Dialing. Millions of telephone users already can dial other telephones all over the country without the help of an operator. Not many years hence, nearly all long distance calls will be made just as easily and quickly as local calls.

One of the men who head up the work on DDD has described the telephone switching system as the world's biggest computer—the biggest by far. Physically, it spreads over a continent. Requests are put into it at more than 50 million points—that is, from any dial telephone. It receives about a quarter of a billion problems (telephone calls) a day; some are simple to handle, some complex. It programs its own course of action and is in service 24 hours every day; there is no "down time." It is continually added to, changed, and modernized. In many instances, for purposes of accounting and billing, it makes its own record of whom it serves, when, and for how long.

This is a broad analogy, referring not only to distance dialing but to the whole switching system. However, it helps to point out that every part of the system must be "tops" in quality. Everything has to work together and each segment depends on all the rest. So there's precious little margin for error. No component can be allowed to start out on a second-rate basis, or get into a second-rate condition. The aim must always be for built-in excellence.

Financial Status

The second basic excellence is financial. Of course, this is a problem for every business—and every government too. Certainly it isn't ours alone. But, sticking to our own knitting, this telephone switching system, for instance, represents today an investment of about seven billion dollars; and the total investment in the Bell System is more than three times as much. We must be fully responsible for every penny of it. This is the only possible basis for our ability to keep the trust and confidence of more than 1,900,000 share owners. Moreover, for genuinely good service, and not just the passable kind, there must be earnings that will permit continuous research and technical development; the financial reputation that will draw first-rate talent into our business; and the framework of incentives and rewards that will help invite people's eager interest in doing a better job.

For such reasons we have to work unrelentingly to make and keep ourselves financially sound and strong. Here our responsibility essentially is no different from that of other institutions, both private and public. In the field of private enterprise, good earnings stimulate production and employment, encourage science and technology, and open the way to higher standards of living for more people; and, in the public area, fiscal soundness is essential to maintain the free world's confidence in us, and to build our defenses and national security.

Human Performance

The third excellence is the one from which, of course, the others are derived—excellence of human performance. This has many aspects, including technical skills, vision and imagination, plain drive or energy, courtesy and understanding, and a lot of other qualities. One aspect seems of top importance: that is, how we can help people to become better managers. Surely the supreme responsibility of management today is to lead the way to more excellent management tomorrow. If this is so, then how should we set our course? What kind of thinking now will foster better management in the future?

In our company we begin with the thought that ours is a long-run business and must be managed for the long run. We are aware that in recent years we have had a tremendous growth, and we foresee that in the long run this growth will continue. Thus the responsibilities of management will certainly grow greater—there must be many more managers to fulfill them—and the challenge to individual managers will continue to increase.

What, then, should it mean to be a member of a management team that manages for the long run and faces these prospects? These are some of the answers:

(1) Good work and poor work, sound judgment and error, are all to be accounted for.

(2) All the obligations of the business are kept under close scrutiny all the time.

(3) The people in the business are important as ends in themselves.

(4) Through good times and bad, the effort to manage better is always a part of every manager's job.

Better management logically comes from two interdependent sources: on the one hand, from better ways or methods of managing; and, on the other hand, from better people. A sound, long-run business must work for both.

Providing a Growth Environment

Better methods can be worked on directly—to some extent they can be taught; but the growth of better people can be favored only by providing the environment in which growth is most likely to occur. In order to provide that environment, there must first of all be

freedom and challenge. A manager must be free to develop his capacities in his own best way, not along lines prescribed by a standard model. When his further growth requires a new challenge, it must be presented to him promptly. Second, there must be opportunity to take responsibility and to taste the fruits of both success and failure. Third, there should be rewards for creativity, boldness, imagination, and judgment.

Finally, the environment must admit exposure to a broader world than any business, of any size, can provide. That the manager undergoes this exposure is his own responsibility as well as that of the company. It is important to open up many approaches to the broadening of managers' minds—through case studies, discussion, and planned reading, and also through university training, not only in technical and business subjects, but in history, social and political science, and in some instances the arts.

These efforts to create an environment that will foster and nourish men's personal growth are not crystallized. We are carrying on increasing research to find better ways to manage, and to learn more about the conditions that encourage people to develop their talents fully. We are also making vigorous and widespread efforts to put the findings into practice. The encouragement we feel

in some of the results gives us the strongest possible incentive to keep on learning.

To the extent that we—or any business—succeed in helping people grow as managers, may we not expect that their outlook, their interests, and their contributions as citizens will grow accordingly? A man's stature as a manager can hardly be separated from his stature as a citizen. In fact, management is really an aspect of citizenship. A manager who is "developing his capacities" is one who is growing in ability to see his job in its full social perspective.

These comments on the pursuit of excellence are made with an humble heart. In all endeavors it is the concern of everyone to strive for the best and never be content with less. The examples of what we are trying to do in our own business, and I emphasize the word "trying," are to help suggest once more that the challenge is on us all, and so is the necessity to respond. The particulars mentioned are only a few ripples in the strong tide of effort to excel, demanded of Americans in all walks of life if we are truly to fulfill our responsibilities.

In next month's *Management Forum* Mr. John T. Connor, president of Merck & Co., Inc., writes on improving the effectiveness of management.

THE BUSINESS HISTORY

IV. Individual Company Histories

Fred W. Kohlmeyer

The small but active group of scholars who have interested themselves in the relatively new academic field of business history have produced an impressive number of individual company histories. Yet they would quickly agree that there should be many more. The achievement to date is only a beginning. Existing company histories of the "sound, scholarly" type are far from offering even a representative sampling of the various lines of enterprise which make up our business civilization. A business history project, namely, the writing of the history of a particular firm by competent scholars, is something that usually "just happens." In other words, it is a random occurrence, depending on time, place, and circumstance. Thus, there are serious lacunae in the industries and geographical regions for which recorded company histories are available.

Value as a Basis for Industry Histories and Analytical Studies

Detailed histories of individual business firms are, logically, essential building blocks for constructing the history of industries or regions. Time and again, scholars who have undertaken to write the history of an industry, without the benefit of prior company histories, have struggled with this deficiency. Reviews of published industry histories appearing in scholarly journals almost invariably voice regret that the result has not come up to expectation and that further work in the form of individual company histories needs to be done. Some authors, of course, have managed to surmount this limitation and have produced creditable works, e.g., the study of *Baking in America* by William G. Panschar (Vol. I, *Economic Development*) and Charles C. Slater (Vol. II, *Market Organization and Competition*) published by Northwestern University Press in 1956. Nevertheless, the task of these authors would have been easier and their analysis more authentic if they had been buttressed by the histories of individual firms in the baking industry.

Analytical articles in journals of economics, history, or business would gain added strength and meaning if more of the data could have been drawn from definitive company histories. The many company histories still unwritten would supply abundant raw material

for the study of such areas as entrepreneurial behavior, including decision-making, the analysis of long-term strategic and structural patterns of business firms, and such questions as the changing role of the engineer in industrial firms, and management decentralization. Peter Drucker maintains that "the biggest problem" a business firm faces is adjustment to growing size and operational complexity.¹ Surely we need many more company histories in order to understand properly this important problem and arrive at the best solutions. Parenthetically, experts on the Soviet Union concede that this is also "the biggest problem" faced by Communist economic planners. The pending organizational crisis, as the Russian economy grows in size and complexity and standards of living rise, has been postponed temporarily but may eventually result in a breakdown of their whole economic system.²

In short, there is ample room for more scholarly histories of individual business firms as a basis for wider industry histories and analytical studies. Moreover, if, ultimately, an authentic and well-balanced picture of the over-all growth and functioning of the American economy is to emerge, it is imperative that detailed histories of representative firms in each geographical region and every line of business enterprise should be written, with the final objective of formulating a broad interpretation or synthesis of our business civilization.

The corporation had, by 1900, developed into the predominant form of business enterprise. It is the basic unit of our economy. As a framework within which essential economic activity is accomplished, it has largely superseded earlier forms, e.g., the guilds, manors, and trading companies of medieval times, and individual proprietors and partnerships. Thus, logically, the place to begin the study of business history is the business firm, in all of the ramifications of its internal administration and its relation to the external environment.

1. Peter F. Drucker, *The Practice of Management* (New York: Harper & Brothers, 1954), pp. 245-252.

2. Gregory Grossman, "The Soviet Economy in Search of Itself," lecture given at University of Illinois, Urbana, Nov. 21, 1960. Grossman is associate professor of economics, University of California, Berkeley, formerly associated with Russian Research Center, Harvard, and U. S. Department of State.

Recent Outstanding Business Histories

A brief look at several recently published scholarly business histories will convey some idea of the nature and scope of work done in this field. Henrietta M. Larson, professor of business history at Harvard Business School, and Kenneth W. Porter, professor of history at the University of Oregon, collaborated in writing a comprehensive *History of Humble Oil & Refining Company: A Study in Industrial Growth* (New York: Harper & Brothers, 1959). Their book is described as follows:

This is the history of a small Texas company, organized in 1917, which became the largest oil producer in the United States, a leading pipeline carrier, and an important refiner. This volume traces the efforts by the company's administrators and rank-and-file employees to carry on the business of producing, transporting, and refining crude oil and selling crude and products. From this account emerges a general view of an exceedingly complex organization and of operations in a highly dynamic, competitive and changing industry.

Humble was one of the leaders in the process of transition of the American oil industry from an empirical to a highly scientific, engineering-oriented industry. This change not only made possible the discovery and production of oil and the building up of large reserves to supply an oil-thirsty civilization, it also made possible a great reduction in costs and in the waste of the natural resource. . . .

This history also shows how a growing company undergoing rapid technological change in a highly competitive industry has successfully adapted its administrative personnel, concepts, and techniques to meeting new problems and new opportunities.³

Reviewers of this book have proclaimed it a superior product, one of the models of its kind. The twelve years consumed by research in administrative correspondence, reports, memoranda, and operational records, in personal interviews and combing of trade journals, and in writing, have been worthwhile and promise to yield many dividends over the years ahead. During the years which elapsed between the time the project was begun, in 1947, and its completion, all of the officers and directors had changed. One can easily comprehend that this historical-study-in-depth can provide an invaluable link with the past for newcomers on the management roster.

Space allows mention of only one other recent scholarly portrait of a business firm, namely, *Precision Power: the First Half Century of Bodine Electric Company* (New York: Appleton-Century-Crofts, 1959) by Howard F. Bennett, professor of business history, Northwestern University. This is a story of a smaller firm which has managed to survive and prosper in compe-

tition with industrial giants. Professor Bennett's explicit discussion of the question of how this typical small firm was able to survive and grow is obviously of great interest to historians as well as economists and political scientists, especially since the experience of this and many other smaller firms in the United States runs contrary to or refutes the Marxian brand of economic theory. The stories of the giants in the electrical field remain to be written, although Kendall Birr's *Pioneering in Industrial Research: the Story of the General Electric Research Laboratory* (Washington, D. C.: Public Affairs Press, 1957) and Harold C. Passer's *The Electrical Manufacturers, 1875-1900* (Cambridge: Harvard University Press, 1953) have broken the ground.

Value to the Individual Firm

The immediate and potential values of a scholarly history to a business firm have been discussed in various previous articles. In summary, the company history assists in reminding management of the origins and reasons for policies of long-standing and may suggest also that, since conditions have changed, the traditional policies should be changed. The company history serves as a storehouse of information for use in public relations or advertising and, in itself, would tend to create good will toward the company among those who trouble to read the volume. It assists in indoctrinating future executives, agents, and other personnel of the firm. It can help those who are concerned with managing and directing the affairs of the firm to make more intelligent decisions based on accurate knowledge of problems and crises surmounted and why certain decisions were made in the past. Certainly, the lessons learned from the trials and errors of the past can augment the experience and judgment of those who are faced with current decisions. For a corporate entity to throw away or ignore the sometimes painfully-gained past experience is as absurd as leaving one's house in the morning minus the fund of knowledge accumulated during one's previous lifetime.

Other less-tangible, long-range benefits accrue from scholarly company histories through their influence on those who educate the youth of America, and on college students who, by reading company histories (or selections from such histories assigned in their courses), are in a better position to evaluate business philosophy and practices. Increased knowledge and insights concerning the problems, motivation, and practical operation of the business community can result in more favorable public attitudes and government policies.

Business leaders also might well be concerned over the mental attitudes of young college-educated job applicants. Do they want the "well-rounded organiza-

3. Description on jacket, condensed from Preface.

tion-man" type who has no strong personal convictions and drives and considers a smooth-running organization as the major goal, with frustrating membership on endless committees and preparing of endless reports the key to success?⁴ In contrast, the doers who took a chance and forged ahead with creative ideas were often the historical figures. They applied principles and theory, or discarded them if the theories did not fit the facts, as they gained experience in handling concrete objects and situations and commanding men. Their experience was real and frequently raw, quite different from the ritual and routine which many rising young men today imagine is the essence of business administration. The business historian, while himself hardly a doer in the sense of having to "meet payrolls" and make decisions of far-reaching consequences and involving financial risk, functions as a detached onlooker who makes an honest attempt to reconstruct past actuality and to recapture the spirit of the practical men who struggled to build up a new company and, in some instances, created a whole new industry.

Being on the outside looking in has advantages which may help those who know the business from the inside to pause and take stock, to engage in long-term self-appraisal as to where their particular firm is in point of time, retrace the road it has traveled and map out the route ahead. Historical change is an "open-end" process. The individual firm evolves from what has gone before, subject to modified external conditions and the fallible decision-making human element within the firm. Above all, a keen awareness of change, together with the foresight to anticipate change, have always been valuable assets for the business executive.

Why So Few Scholarly Business Histories Are Written

Actually, most companies at sometime or other publish some kind of history. The National Industrial Conference Board reported that half of 206 manufacturing firms surveyed in 1959 had published a company history.⁵ Many of these, however, were mere pamphlets, prepared usually by public relations personnel, with superficial eulogistic content. Others were largely composed of anecdotes and reminiscences of retired executives, or were so-called popular histories written by journalists or other creative writers for public consumption. Only a few possessed enough substance to make them of real value to the serious student or to executives in the firm. The reader who needs to inform

himself for the purpose of writing or teaching, or who seeks answers to significant questions, will not waste time on a shallow book.

With so many compelling reasons for full-dress company histories by qualified scholars, why are so few of them written? The most formidable obstacle is perhaps the prevailing suspicion of outsiders, reflected in the reluctance to grant free access to all the records of the firm. The historian insists on objectivity, on searching for the truth, and presenting the facts as he finds and interprets them. All of his findings may not be flattering. The company's records, including files of executive correspondence, are rightly considered company property; and it is a cardinal principle that one's property is inviolate. The company's executives have every right to exercise their basic right to protect the company's property against the prying eyes of biased, hostile, or unqualified researchers. Moreover, no one relishes the thought of being a specimen for scientific analysis. The prospect of undergoing a probing in depth by historians of an independent status, with license to publish their findings, may appear tantamount to surrendering control of an important management prerogative. The business historian, who tackles his job with the aid of tape recorders, photo-copying apparatus, and portable typewriters, and asks disturbing questions, no doubt brings to mind the methods of Internal Revenue, Anti-trust Division, or Congressional investigators. This apparently serious psychological barrier is, surprisingly, completely dispelled once a basis for mutual confidence is established. In a recent article devoted to this problem, two young and obviously baffled Harvard business historians asserted,

Modern society has long since ceased to confuse silence with virtue; indeed, it has tended to assume a negative correlation between these two admirable qualities. Assuming there is a favorable case for business enterprise, the business executive might well ask himself whether his interests are better served by public ignorance or public knowledge of his firm's past activities.

Over the long run, business, as well as the community, has much to gain from a full and frank examination of the historical record. Recent experience of numerous firms tends to confirm this view.⁶

The present author fully agrees with their conclusion. Our advice to a company which is contemplating a business history, but has qualms concerning the danger of giving too much liberty to independent specialists, is to "ask the man who owns one." One of the top executives of Northwestern Mutual Life, whose centennial history was written by Professors Harold F. Williamson and Orange A. Smalley of Northwestern

4. William H. Whyte, Jr., *The Organization Man* (Garden City: Doubleday & Company, Inc., 1957), especially Chapter 10, "The Well Rounded Man."

5. "A Businessman Looks at Business History," address by William Cary, Secretary of the Board of Trustees, Northwestern Mutual Life Insurance Company, before the Annual Business History Conference held at Marquette University, Milwaukee, Feb. 27, 1960.

6. Arthur M. Johnson and Barry E. Supple, "Shop Talk," *The Executive*, a guide to reading for top management (Harvard University, Graduate School of Business Administration, November, 1959), pp. 18-19.

and Loyola universities respectively,⁷ related that their original apprehensions were rapidly dispelled once the project was underway, and the outcome has more than justified the trouble and expense involved.⁸

Some business leaders are deterred from having their company's history written because such a project is "a nuisance and a bother" and interferes with activities more directly related to the immediate goals of the firm. Files need to be made available, introductions arranged, interviews granted, and working space provided. Records are tied up; and, finally, reading the manuscript and consulting with the authors to reconcile divergent views takes considerable time.

A further stumbling block is the matter of cost. A comprehensive, thorough scholarly history is not usually obtainable at a bargain price, and the expense must be justified to stockholders.

A large, successful firm, proud of its record of achievement, may welcome the historian and, also, hardly feel the cost. It is this type of firm which is most likely to authorize a scholarly history. Yet, the history of an unsuccessful firm, which would explain how it got into the mess it is in, might prove highly instructive and a most valuable addition to the publications in the field of business history.

A final factor is the time involved. Mention has been made of the Humble company's history which developed into a twelve-year project. The historian of another oil company, Royal Dutch, devoted twenty years to complete four volumes covering twenty-four years (1890-1914) of the company's history, and died before the remaining volumes of the series were completed.⁹ This, of course, is an extreme example. A more reasonable expectation is three years for research plus one year for writing the history, although the timetable must necessarily remain flexible to allow for unavoidable contingencies. It is advisable to arrange a preliminary record survey, preferably by the prospective authors, including interviews of key executives (incumbent and retired). The historians then have a firm basis upon which to report concerning the type of history which can be compiled from the records extant, and the probable cost and duration of the project. This survey, by the prospective author or authors, without definite commitments, will help to clear the air of mistrust and misunderstanding and will guide the final decision reached. The subsequent contract authorizing the project is then made with the authors and the spon-

soring institution. Certain mutually protective provisions, in which Marquis James' history of the Bank of North America set a precedent, have since become standard.

Contribution to Broader Educational Objectives

It is perhaps fitting to conclude this rather miscellaneous and impressionistic article with a few observations on how individual company histories can contribute to the fulfillment of broader educational objectives. A primary aim of education is "to stimulate the growth of the student and to nourish in him the tendency and capacity for continuing growth throughout his life,"¹⁰ and in so doing develop his capabilities in full measure. The process that we call education is expected to mold broad-gauged men and women—alert, inquisitive, creative, capable of independent thought.

How can these objectives be accomplished? Specifically, how can we bridge the gulf between formal education (the proverbial ivory tower) and the needs of modern life. The approach suggested by Professor Milton Katz of Harvard in an address before the annual meeting of the American Association of Collegiate Schools of Business at Miami, Florida, on May 7, 1959, is worth repeating within the context of this article. The study of an ordinarily prosaic subject, like accounting, for example, might become a convenient point of departure. After the fundamental techniques are understood, Professor Katz suggested that "attention might turn to the nature of accounting as a system for a comprehensive and concise description in quantitative terms of the current status and continuing process of business enterprise." From this point, in an ideal classroom situation, the inquiry might move into a consideration of the role of quantitative description in other bodies of knowledge, e.g., the physical sciences, and even to the nature of mathematics.

The inquiry might then move back to a consideration of the enterprise itself; to its relationship to other enterprises engaged in comparable processes of production and distribution; to a consideration of the processes of production and distribution in general terms; and so on to the generalizations of economic theory. Possibly the processes of change in the enterprise could be considered in relation to the growth of the enterprise; the growth of the enterprise might be related to the historic growth of the industry of which the enterprise forms a part; the history of the industry could be related to the economic history of the nation and the economic history in turn to the general history of society. The inquiry might turn back to a comparison of the accounting description of the enterprise with the enterprise as a living process or to a

(Continued on page 24)

7. Harold F. Williamson and Orange A. Smalley, *Northwestern Mutual Life: A Century of Trusteeship* (Evanston: Northwestern University Press, 1957).

8. William Cary, "A Businessman Looks at Business History," *op. cit.*

9. F. C. Gerretson, *History of Royal Dutch* (4 vols., English translation; Leiden: E. J. Brill, 1953-1957). The author, professor of history, University of Utrecht, had a background of executive experience in Royal Dutch-Shell.

10. Milton Katz, "Liberal Education in Education for Business," *Business Horizons*, II, No. 3 (Fall, 1959), 78-84.

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SOUTHEASTERN CORNER

Retail Trade in the Southeast

Broadly speaking, final consumer demand, from which a very large part of total demand for goods and services at all stages of production is either directly or indirectly derived (through the so-called acceleration principle), reflects itself mainly in retail sales. The major items of final consumer demand not reflected directly in retail sales are rentals and services of various sorts. Although, as income rises, demand for services tends to rise in greater proportion, the major part of the typical consumer budget is still spent in retail establishments of one sort or another.

The data in the accompanying figures and tables indicate several things which are worthy of note. First is the great similarity of the distributions of sales in the various locations as indicated in Figure 1 and Table 1. However, there are several significant and meaningful differences in these distributions—differences which, to a degree, reflect differences in economic and sociological conditions in the various states. For example, in practically all southern states cited (with their high proportions of rural population) the percentages of retail sales contributed by food stores are less than the nation as a whole. Furthermore, southern people (again perhaps due to their less urban character and wider geographic dispersion) apparently spend a substantially larger share of their retail dollar on automotive



transportation and in general merchandise stores than is true in the rest of the nation. These are the most striking differences between the composition of retail sales in the South and the non-South. Furthermore, these differences are strikingly consistent in all the states cited.

There are several other differences in the state distributions shown in Table 1 which are worthy of mention. For example, Mississippi, the most highly agricultural of all the southeastern states, had an exceptionally high proportion (8.7 per cent) of its retail sales in the lumber, building materials, hardware, and farm equipment classification. At the same time, Georgia and Florida had a smaller proportion of sales in this

Table 1

*Distribution of Retail Sales by Type of Establishment
U. S. and Eight Southeastern States, 1958
(Per Cent)*

Type of Establishment	U. S.	S. E.	Ala.	Fla.	Ga.	La.	Miss.	N. C.	S. C.	Tenn.
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lumber etc. ¹	7.2	7.3	7.1	6.9	6.9	7.5	8.7	7.6	7.5	7.1
General Merchandise	11.0	11.8	12.9	9.6	12.7	12.1	12.0	12.4	12.1	12.8
Food Stores	24.5	23.8	24.5	23.7	23.3	23.7	24.0	22.7	25.5	24.2
Automobile Dealers	15.9	18.0	17.9	18.9	17.5	17.0	19.0	17.3	17.9	18.1
Gasoline Service Stations	7.1	7.7	7.5	7.1	8.0	7.6	8.5	7.8	8.6	8.1
Apparel, Accessories Stores	6.3	6.3	6.7	6.3	6.1	7.0	6.5	6.2	6.0	5.5
Furniture, Home Furnishings	5.0	5.1	5.5	5.5	4.8	5.1	4.4	5.1	5.2	5.0
Eating and Drinking Places	7.6	5.6	4.5	7.8	4.6	7.1	4.1	4.3	4.3	4.8
Drug Stores	3.4	3.6	3.6	3.9	3.4	3.7	3.6	3.4	3.4	3.4
Other Retail Stores	9.2	8.6	8.7	8.5	9.2	6.6	8.0	10.6	8.4	7.8
Nonstore Retailers	2.7	2.3	1.3	1.8	3.6	2.4	1.2	2.6	1.2	3.1

¹ Includes building materials, farm equipment, and hardware.

Source: Basic data from U. S. Bureau of Census, *Census of Business, 1958: Retail Trade, Preliminary Area Reports* (Washington: 1959).

classification than did any other southeastern state. While neither Georgia nor Florida is as highly agricultural as Mississippi, they are states in which there has been a great deal of construction activity. For this reason it is perhaps surprising that such a small proportion (6.9 per cent) of their sales was in this classification. Perhaps, however, this is explainable in that much of the construction activity in these states has been conducted by contractors (who normally would not buy materials from retail establishments) as opposed to the more usual "do-it-yourself" construction in rural Mississippi.

Other highlights of some significance are the small proportions of sales by eating and drinking places and nonstore retailers in most of the Southeastern states. The smallness of both of these classifications likewise is in large measure attributable to the rural and small-town character of the southern states. Only in Florida and Louisiana (both centers of tourist trade) were proportions of sales by eating and drinking places comparable to the nation as a whole. These same states have high percentages of sales by drug stores (a possible result of high proportions of elderly retired people).

Table 2

Retail Sales in 1958 and Per Cent Increase from 1954,
U. S. and Eight Southeastern States

Area	1958 Sales		Increase from 1954	
	Millions of Dollars	Rank	Per Cent	Rank
United States	199,710	—	17.5	—
Southeast	24,322	—	20.4	—
Alabama	2,492	6	18.0	3
Florida	5,659	1	41.0	1
Georgia	3,410	3	15.1	5
Louisiana	2,820	5	20.5	2
Mississippi	1,428	8	11.4	8
North Carolina	3,737	2	16.4	4
South Carolina	1,699	7	11.8	6
Tennessee	3,078	4	11.6	7

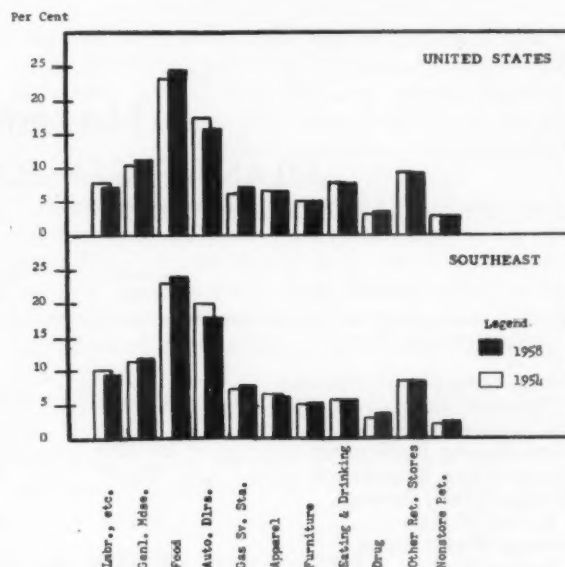
Source: Same as Table 1.

With respect to nonstore retailers, only Georgia, Louisiana, North Carolina, and Tennessee compare with the national average. This may be due largely to the location of large mail-order houses within those states (e.g., Sears Roebuck district catalogue sales establishments at Memphis, Atlanta, etc.). Nonstore retailers comprise mainly mail-order houses and house-to-house retail sales organizations. The latter would be expected to have a higher proportion of sales in states containing one or more large cities.

Of the eight states indicated in Table 2, only three (Alabama, Florida, and Louisiana) had relative increases in excess of the rest of the nation. Increases for the states of Mississippi, South Carolina, and Tennessee were substantially below the national average.

The changes in relative importance of various types

Figure 1
Percentage Distribution of Retail Sales
U. S. and Southeast
by Type of Establishment
1954 and 1958



Source: Same as Table 1.

of retailing which took place between 1954 and 1958 may be seen in Figure 1. In general, both nationally and in the Southeast there was an apparent shift in spending from "hard" and "semiluxury" goods to "soft" goods. For example, automobile dealers' share of the total retail dollar decreased by just under two percentage points. Likewise, the share of lumber, building materials, etc., stores decreased slightly, as did apparel stores, furniture stores, and eating and drinking places. At the same time, the shares of general merchandise stores, food stores, gasoline service stations, and drug stores increased, both in the South and nationally. The largest relative gains were made by food stores.

Such shifts from "hard" to "soft" goods are normally expected in periods of depressed economic conditions. However, more recent U. S. Department of Commerce data¹ indicate that these shifts are more fundamental and long-lasting than could be expected to result from a recession. These shifts, on a national level, have continued through the recovery and peak periods of 1959 and 1960, and apparently represent relatively long-range trends. Continued shifts from "hard" to "soft" goods may be of considerable significance for the primarily soft-goods producing southeastern states.

Roger L. Burford

¹Survey of Current Business, November 1960, pp. 9-11.

November 1960

ATLANTA AREA ECONOMIC INDICATORS

	November 1960	October 1960	% Change	November 1959	% Change	% Change 11 months 60 over 11 months 59
EMPLOYMENT						
Job Insurance (Unemployment)						
Payments	\$461,835	\$431,018	+7.1	\$614,920	-24.9	+2.2
Job Insurance Claimants	7,569	6,764	+11.9	9,179	-17.5	+6.1*
Total Non-Ag. Employment	360,800	363,850r	-0.8	360,350r	+0.1	+1.0*
Manufacturing Employment	80,050	83,600r	-4.3	83,150r	-3.7	+2.5*
Average Weekly Earnings,						
Factory Workers	\$81.18	\$84.44r	-3.9	\$77.22r	+5.1	+0.9*
Average Weekly Hours,						
Factory Workers	39.6	40.4	-2.0	39.6r	0.0	-2.1*
Index of Help Wanted Ads (Seasonally adjusted, 1947-49 Avg.=100)	130.8	130.2	+0.5	169.1	-22.7	-15.8
CONSTRUCTION						
Number of Building Permits\$	660	612	+7.8	590	+11.9	-9.4
Value of Building Permits\$	\$8,733,111	\$6,664,310	+31.0	\$10,327,777	-15.4	-25.4
Employees	21,600	21,900r	-1.4	21,600r	0.0	-6.1*
FINANCIAL†						
Bank Debits (Millions)	\$2,072.6	\$2,149.7	-3.6	\$1,899.6	+9.1	+6.9
Bank Deposits (Millions)	\$1,366.8	1,364.9	+0.1	\$1,280.1	+6.8	3.4*
OTHER						
Department Store Sales Index	166	173	-4.0	178	-6.7	-0.7†
Retail Food Price Index	118.7	118.7	0.0	114.3	+3.9	+0.9**
Number of Telephones in Service	382,029	380,207	+0.5	357,343	+6.9	+10.0**

r—Revised

*Average month

**End of period

†—Based on retail dollar amounts

§City of Atlanta only

† Data from members of the Federal Reserve System only

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Retail Food Price Index: U. S. Department of Labor; Department Store Sales Index: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.

ATLANTA

BUSINESS ACTIVITY

The employment picture in the Atlanta area in November was not quite as bright as in October. Yet, according to most of the indicators of employment and unemployment, November 1960 was a better month than was November 1959. For example, while the amount of *job insurance payments* and the number of *job insurance claimants* were, respectively, 7.1 per cent and 11.9 per cent greater in November than in October, they were respectively 24.9 per cent and 17.5 per cent less than November 1959. At the same time total *nonagricultural employment* was down slightly from October but up slightly from the year before. *Manufacturing employment*, on the other hand, was down significantly from both October 1960 and November 1959.

With regard to construction activity, November was apparently a month of continued gains in planned construction, though perhaps not of actual construction in progress. Both the *number and value of building permits* issued (indicators of planned construction) have increased each month (with the exception of October) since the low of July. Again with the exception of October, however, both the number and value of building permits have, for several months, been below their

"year before" levels. The number, though not the value, of building permits in November pulled ahead of November 1959. Over the first eleven months of 1960, however, both planned and actual (as measured by employment) construction activity was substantially below the first eleven months of 1959.

With respect to financial activity (as indicated by *bank debits and deposits*) the picture is generally pretty good. The only real sign of slack was a decrease of 3.6 per cent in bank debits from October (indicating to some degree a general decline of spending). However, as compared to November 1959, debits were up by 9.1 per cent.

Another indication of decreased spending in November is given by the *index of department store sales* which dropped 4 per cent from October and 6.7 per cent from November 1959.

Roger L. Burford

**Number of Help-Wanted Ads in Atlanta Newspapers
January 1952 – November 1960
(Seasonally Adjusted)**

Thousands



Georgia State College

of Business Administration

33 Gilmer St., S. E.

Atlanta 3, Georgia

RETURN POSTAGE GUARANTEED

SECOND-CLASS POSTAGE PAID

AT ATLANTA, GEORGIA

BUSINESS HISTORY

(Continued from page 14)

consideration of how far the intangibles might be perceived by a sophisticated eye in the accounting record. . . .¹¹

In this idealistic approach to learning all human thought and knowledge are viewed as a seamless web—an integrated whole. The student shifts his focus from the particular to the general and back again, and gains fresh insights along the way. The assumption is that suitable material is readily available for the stu-

11. *Ibid.*

dent's mind to feed upon; which is not necessarily the case. The need for more instructive company histories becomes apparent. Generalizations, theories, and ideas need to be supplemented with concrete applications which reveal how they work out in actual practice. The principles and values that guide human activity in the workaday business world are best understood from the reading of the biographies of individual business firms. Truly, the ever-changing problems, policies, structure, size, and operations of a firm, within the framework of its own organic continuity and the society in which it has its being, are a vital and illuminating part of the sum and total of human experience.

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(Reprinted from *Monthly Letter*, First National City Bank, May 1960, New York)

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(From "Foreign Problems of the '60's," *Business in Brief*, January-February 1960, Chase Manhattan Bank, New York)

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